

Message Text

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43

ACTION IO-13

INFO OCT-01 EUR-12 EA-07 ISO-00 IOE-00 SSO-00 NSCE-00

USIE-00 INRE-00 CIAE-00 DODE-00 PM-04 H-02 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 ABF-01

OMB-01 TRSE-00 SIL-01 LAB-04 AF-08 ARA-06 NEA-10

OIC-02 /106 W

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O R 201448Z SEP 76

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 2433

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

USMISSION USUN NY

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E.O. 11652: N/A

TAGS: AORG, UN

SUBJ: GENEVA GROUP: FRENCH PROPOSAL

REF: STATE 220531 (NOTAL)

SUMMARY: THE GENEVA GROUP EXCHANGES SEPTEMBER 15
OF THE FRENCH PROPOSAL TO ESTABLISH CEILINGS ON UN
SYSTEM BUDGETS WAS CIRCUMSCRIBED BY THE LIMITATIONS
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IN THE GUIDANCE REPRESENTATIVES HAD TO WORK WITH,

BUT RESULTED IN A UNANIMOUS RECOMMENDATION THAT THE GROUP SHOULD CONVENE AT THE CONSULTATIVE LEVEL IN NEW YORK OCTOBER 7-8 AND A DECISION TO RECONVENE IN GENEVA SEPTEMBER 23 TO CONSIDER REACTIONS OF CAPITALS TO THIS. THE EXCHANGE SET ASIDE THE OBVIOUS LEGAL FLAWS IN THE INITIAL FRENCH PROPOSAL AND ILLUMINATED MORE STARKLY THAN BEFORE THAT IT REPRESENTED A FUNDAMENTALLY NEW APPROACH TO THE PROBLEM OF RESTRAINING BUDGET GROWTH TO WHICH ONLY THE NETHERLANDS AND, TO A LESSER DEGREE, SWEDEN OBJECTED. END SUMMARY.

1. THE FRENCH AMBASSADOR LED OFF IN THE RESUMED GENEVA GROUP DISCUSSION SEPTEMBER 15 OF THE FRENCH PROPOSAL TO ESTABLISH CEILINGS FOR UN SYSTEM BUDGETS. HE SOUGHT TO SWITCH THE FOCUS AWAY FROM THE LEGAL ASPECTS OF WHATEVER SANCTIONS MIGHT BE AGREED UPON, OBSERVING THAT WHAT WAS UNDER CONSIDERATION WAS NOT A LEGAL QUESTION, BUT RATHER THE QUESTION OF WHETHER A JOINT MOVE MIGHT BE MADE ON THE POLICY LEVEL TO HOLD DOWN BUDGETS. THE US(HENNES) THEN LAID OUT US THINKING ON THE BASIS OF STATE 220531. THIS WAS FOLLOWED BY A STRONG STATEMENT BY SWITZERLAND IN SUPPORT OF THE CEILING PRINCIPLE AND SUPPORT FROM JAPAN FOR JOINT ACTION (LEAVING THE QUESTIONS OF SANCTIONS AND TACTICS ASIDE AS SEPARATE SUBJECTS). THE BONN REPRESENTATIVE (SCHMITZ) PRESENTED A LENGTHY AND AT TIMES OBSCURE CRITIQUE OF THE FRENCH PROPOSAL WHICH LEFT THE IMPRESSION OF BEING A REJECTION OF ITS KEY ELEMENTS. (HE ATTEMPTED TO ASSOCIATE HIS PRESENTATION WITH THAT OF THE US, BUT THE THRUST OF THE FRG ANALYSIS APPEARED TO MOVE IN THE OPPOSITE DIRECTION.)

2. THE ONLY DISTINCT OPPOSITION TO THE FRENCH APPROACH WAS EXPRESSED BY SWEDEN AND THE NETHERLANDS. THE SWEDISH REPRESENTATIVE STATED THAT THE GOS HAS ALWAYS OPPOSED THE SETTING OF ARBITRARY CEILINGS, AND WOULD HAVE TROUBLE GOING ALONG ON THIS, BUT COULD GO ALONG WITH GIVING "GUIDELINES," WHICH MIGHT INCLUDE ESTABLISHING "GROWTH TARGETS." THE NETHERLANDS REPRESENTATIVE ALSO OPPOSED THE SETTING OF "ARBITRARY CEILINGS BASED LIMITED OFFICIAL USE

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ON EXTRANEOUS CRITERIA."

3. AUSTRALIA DOUBTED THAT EXTRAPOLATION FROM NATIONAL BUDGETS AND GNP GROWTH WOULD PROVIDE A FEASIBLE BASIS, OR THAT GENEVA GROUP UNITY COULD BE PRESERVED IN APPLYING SANCTIONS. THE UK REPRESENTATIVE PUT A POSITIVE FACE ON HIS INSTRUCTIONS, WHILE ACKNOWLEDGING THAT LONDON WAS YET DIVIDED ABOUT TAKING SO TOUGH A POSTURE AS

THE FRENCH PROPOSAL POSED.

4. EXAMINATIONS IN CAPITALS APPEARED, AS WITH THE US, TO HAVE TURNED UP DIFFICULTIES WITH THE IDEA OF LINKING UN SYSTEM BUDGET GROWTH TO NATIONAL DATA, AND THIS FEATURE OF THE FRENCH PROPOSAL WAS NOT PURSUED.

5. FACED WITH THE APPEARANCE FROM THE INITIAL EXCHANGE OF VIEWS OF AN INCONCLUSIVE AND SOMEWHAT DIVIDED OUTCOME, THE BELGIAN AMBASSADOR PROPOSED THAT A WORKING PARTY ATTEMPT ON THE BASIS OF IT TO DRAFT A COMMON POSITION STATEMENT (AND HE HAS SUBSEQUENTLY INVITED THE US AND UK TO MEET WITH HIM TO SEE IF THIS CAN BE ACCOMPLISHED), AND THE UK SUGGESTED THE IDEA OF EAVING SIMILAR STATEMENTS INTO THE GA OPENING REMARKS OF FOREIGN MINISTERS.

6. HOWEVER, THE DISCUSSION THEN TOOK A HEALTHIER, IF MORE DIFFICULT, TURN IN FACING UP TO WHY THE EXCHANGE WAS YET INCONCLUSIVE AND WHY THE OPINIONS OF SOME DIGRESSED: THE FRENCH AMBASSADOR POINTED OUT THAT A NEW WAY WAS NEEDED IF BUDGETS WERE TO BE RESTRAINED, AND WE FORCEFULLY REINFORCED THE POINT THAT THE OLD WAY OF PROGRAM ANALYSIS BY GENEVA GROUP MEMBERS DEMONSTRABLY HAD NOT WORKED. SUBSEQUENT DISCUSSION HIGHLIGHTED, TOO, THAT THE EFFORT TO FORMULATE A NEW WAY OF APPROACHING THE PROBLEM SHOULD NOT BE ENCUMBERED BY FOCUSING ON THE LEGAL ASPECTS OF ENFORCING THE SORT OF SANCTION ORIGINALLY ENVISAGED IN THE FRENCH PROPOSAL, SOMETHING ALL RECOGNIZED. NO SUPPORT WAS EXPRESSED TO A NETHERLANDS PLEA THAT THE GENEVA GROUP RETURN WITH RENEWED VIGOR TO AN EFFORT TO HOLD DOWN BUDGETS THROUGH AN ANALYSIS OF PROGRAMS.

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7. THE EXCHANGE CLEARLY HAVING REACHED THE LIMITS TO WHICH THE GUIDANCE FROM CAPITALS PERMITTED IT TO BE CARRIED, AND THE DESIRE FOR FURTHER ACTION NOT HAVING BEEN ESTABLISHED, THE CO-CHAIRMAN FOUND IT NECESSARY TO SOLICIT BY VOTE NATIONAL VIEWS ABOUT A FURTHER CONSULTATIVE LEVEL MEETING. WITH THE US AND UK CO-CHAIRMEN NOT VOTING UNDER THIS CIRCUMSTANCE, THE VIEW OF THE MEMBERSHIP WAS UNANIMOUS THAT ONE SHOULD BE HELD. (HANDS WENT UP AT DIFFERENT SPEEDS, AND IN SUBSEQUENT EXPLANATIONS SEVERAL STATED THAT THEIR INSTRUCTIONS WERE TO SUPPORT THIS IF OTHERS DID.) IT WAS AGREED, THEREFORE, TO RECOMMEND TO CAPITALS THAT A MEETING SHOULD BE HELD AT THE CONSULTATIVE LEVEL IN NEW YORK OCTOBER 7-8, AND THE GROUP AGREED TO

CONVENE AGAIN SEPTEMBER 23 TO COMPARE NATIONAL VIEWS
ABOUT THIS.

8. COMMENT: THE FRENCH PROPOSAL TO TAKE AN
ENTIRELY FRESH APPROACH TO THE PROBLEM WAS, AS IT
TURNED OUT, TOO FUNDAMENTAL A POLICY TURN TO BE TREATED
CONCLUSIVELY AT THE GENEVA GROUP (GENERAL) LEVEL AT
THIS POINT. THE PARTICIPANTS WERE DISMAYED, THEREFORE,
TO FIND THE EXCHANGE TAKING ON A NEGATIVE COLORATION
DESPITE THE BASIC SUPPORT THEY UNDERSTOOD THE PROPOSAL
ENJOYED IN THEIR CAPITALS. THUS, THE JAPANESE
REPRESENTATIVE WAS SURPRISED TO HEAR THAT HIS
PRESENTATION OF TOKYO'S VIEWS SEEMED

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RESERVED, WHILE WE HAVE BEEN QUERIED ABOUT WHETHER THE US IS TRULY IN SUPPORT OF THE INITIATIVE. MOREOVER, THE INSTRUCTIONS OF SEVERAL SEEMED TO BE ADDRESSED TO THE INITIAL OUTLINE OF THE FRENCH PROPOSAL AND THE LEGAL PROBLEMS IT ENTAILED.

9. NEVERTHELESS, THE EXCHANGE HIGHLIGHTED THE PROPOSITION MORE CLEARLY THAN HERETOFORE, AND THE UNANIMOUS SUPPORT FOR A CONSULTATIVE LEVEL MEETING APPEARED TO underscore LIMITED OFFICIAL USE

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THE DESIRE OF THE GENEVA GROUP GOVERNMENTS TO GRAPPLE WITH IT. THE FRENCH AMBASSADOR STRESSED THAT TIME WAS RUNNING OUT FOR GOVERNMENTS TO RESOLVE THE PROBLEM BEFORE LEGISLATURES LIFTED IT OUT OF THEIR HANDS, AND NO ONE EXCEPT THE NETHERLANDS SOUGHT TO ARGUE WITH OUR POINT THAT YEARS OF ATTEMPTING TO ACHIEVE BUDGET RESTRAINT THROUGH PROGRAM ANALYSIS HAD NOT WORKED AND, WHATEVER ITS LOGIC OF THE OLD WAY, A NEW APPROACH WAS NEEDED.

10. THE PRINCIPAL CONCLUSION TO BE DRAWN FROM THIS EXCHANGE, IN OUR VIEW, IS THAT THE PROPOSITION INTRODUCED BY FRANCE NEEDS TO BE DECIDED AT A LEVEL ABOVE THAT OF THE GENEVA GROUP HERE. AS A CONSEQUENCE OF EXCHANGES SINCE IT WAS ORIGINALLY PROPOSED IT HAS EVOLVED INTO A MORE SOPHISTICATED COLLECTIVE INITIATIVE, ALTHOUGH THERE IS ADVANTAGE IN MAINTAINING FRENCH AUTHORSHIP. END COMMENT.

11. RECOMMENDATION: THE MISSION BELIEVES THE US SHOULD SUPPORT THE HOLDING OF A CONSULTATIVE LEVEL MEETING IN NEW YORK OCTOBER 7-8 IN LIGHT OF THE SUPPORT THIS HAS RECEIVED, BUT BELIEVES ALSO THAT THE SEPTEMBER 15 EXCHANGE ILLUMINATED THE NEED FOR CAREFUL PRIOR PREPARATION. THIS, IN OUR VIEW, WOULD BEST BE SECURED THROUGH CONSULTATIONS IN CAPITALS AND, PERHAPS, PREPARATION BY THE CO-CHAIRMEN OF A POSSIBLE OUTCOME PAPER.

12. GUIDANCE IS REQUESTED FOR THE SEPTEMBER 23 MEETING.CATTO

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